United Nations E/CN.3/2001/14

Economic and Social Council

Distr.: General
28 December 2000

Original: English

Statistical Commission
Thirty-second session
6-9 March 2001
Item 6 (a) of the provisional agenda*
Activities not classified by field: international economic and social classifications

International economic and social classifications

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-first session with respect to the work on international economic and social classifications.[1] It provides an overview of how the recommendations of the Commission concerning international statistical classifications have been addressed since that session. Points for discussion are set out in paragraph 21.

[1] *Official Records of the Economic and Social Council, 2000, Supplement No. 4* (E/2000/24), para. 1.

* E/CN.3/2001/1.

00-81657 (E) 050201

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I. Status of recommendations

A. Recommendations on international classifications made by the Statistical Commission at its thirty-first session

1. At its thirty-first session (29 February-3 March 2000), the Statistical Commission:

(a) Endorsed the recommendations for future work on the International Standard Industrial Classification of All Economic Activities (ISIC), as outlined in the report of the Expert Group on International Economic and Social Classifications and in the report of the Secretary-General on international economic and social classifications (E/CN.3/2000/17);

(b) Noted that the concerns raised regarding the appropriate level of detail of an international classification had been determined by the need to allow for international comparison at aggregated levels as well as the need for detailed development of national classifications; the Commission also noted that a two-digit ISIC with regional adaptations could possibly serve these needs, and referred the matter to the Expert Group for further consideration (see paras. 8, 9 and 17);

(c) Recommended that the definition and use of alternate aggregations in ISIC receive more attention as a way to satisfy analytical needs of users (see para. 5);

(d) Emphasized the need for training materials, and noted the already existing support of member countries in that field (see paras. 19-20);

(e) Noted that during the revision process of ISIC, more attention should be given to the definition and use of statistical units and the definition of core units as building blocks (see para. 5);

(f) Also noted the ongoing efforts of the United Nations Statistics Division to make crucial information and materials available, such as provisional indices, using the Internet (see paras. 10, 11, 15 and 19);

(g) Further noted that, although currently focused on economic classifications, the Expert Group would also bring items relating to social classifications to the attention of the Commission.

B. Activities carried out in response to requests of the Statistical Commission

2. The following activities have been carried out in the area of statistical classifications since the thirty-first session of the Statistical Commission.

1. Meetings of the Technical Sub-group to the Expert Group on International Economic and Social Classifications

3. The Technical Sub-group to the Expert Group on International Economic and Social Classifications met twice after the thirty-first session of the Statistical Commission. The work programme at the two meetings followed the recommendations made by the Expert Group on International Economic and Social Classifications, which were subsequently approved by the Commission at its thirty-first session. No meeting of the Expert Group had been scheduled between the thirtieth and thirty-first sessions of the Commission.

2. Revision of the International Standard Industrial Classification of All Economic Activities (ISIC) and the Central Product Classification (CPC)

4. The United Nations Statistics Division is currently preparing the drafts for the publication of the updated ISIC[1] and the Central Product Classification (CPC),[2] based on the decisions and requests made at the meetings of the Technical Sub-group.

5. The work accomplished for the update of ISIC in 2002 includes a revised introduction, extended and updated explanatory notes and new alternate aggregations for the information sector and the information and communication technology (ICT) sector. The introduction includes a revised section on statistical units and guidelines for the treatment of e-commerce. The structure of ISIC has been left virtually unchanged. Two ISIC groups (three-digit level) that were not subdivided before have been split to accommodate the needs for the new alternate aggregations. Two new divisions for the treatment of household production, for applications such as labour-force surveys, will be introduced.

6. As part of the work on the CPC update for 2002, the structure of CPC division 86 (Production services, on a fee or contract basis) has been reviewed on a conceptual basis. A new structure has been elaborated,

resulting in new divisions 86-89 to replace the existing division 86. The existing level of detail and the structure of the telecommunications products in CPC have been reviewed and replaced with a more adequate structure. A number of other problems such as advertising and leasing of rights to trade marks and copyrights have been addressed by the Technical Sub-group and elaborated in the draft for CPC.

7. The complete drafts for ISIC and CPC will be discussed and finalized by the Technical Sub-group at its meeting in March 2001 for final review by the Expert Group on International Economic and Social Classifications in June 2001. The publications will be presented to the Statistical Commission at its thirty-third session in 2002. Details for all proposed changes are available on the Classifications web site.

8. It is proposed to revise CPC and ISIC by 2007. The need for conversion of the existing international and multinational activity and product classifications will be the driving factor in this process. The United Nations Statistics Division will ensure that the needs of developing countries are considered through participation in Expert Group and Technical Sub-group meetings, as well as United Nations classifications workshops. The drafts for the revised classifications are scheduled to be completed in 2004 and to be presented to the Statistical Commission in 2005. This will ensure that the translated publications are available by 2007 for implementation. Information on proposals and updates will be posted on the United Nations Statistics Division web site throughout this process.

9. Discussions and work on assessment of the current situation and future options are already under way. This process includes a review of the existing links between the major activity classifications, involving the custodians of ISIC, the General Industrial Classification of Economic Activities within the European Communities (NACE) and the North American Industry Classification System (NAICS), as well as studies for an appropriate level of detail for an international classification.

3. Classifications web site, Registry and hotline

10. The Classifications web site (www.un.org/Depts/unsd/class) has been restructured in order to facilitate user access to information and online products. Site statistics indicate that it has become a frequently used source of information for outside users.

11. The Classifications Registry, as part of the Classifications web site, continues to maintain a current database with classification problems relating to the implementation of ISIC and CPC drawn from the Classifications hotline and other sources. The United Nations Statistics Division has issued ad hoc reports to the Technical Sub-group on problems of interpretation and use of classifications recorded in the Registry by major users. Complete information about classifications maintained by the United Nations Statistics Division and relevant rulings, interpretations and proposals are posted on the United Nations web site and can be searched according to user needs.

4. *Classifications Newsletter*

12. Since the year 2000, the *Classifications Newsletter* has been issued three times per year and is translated into all official languages of the United Nations. The *Newsletter* is disseminated in print and in an electronic version which is posted on the Classifications web site and circulated through email to registered users. The *Classifications Newsletter* announces newly issued publications and technical materials related to United Nations statistical classifications and informs about updates, new rulings, revision plans for classifications and classifications meetings.

5. Correspondence tables

13. The "Manual on statistics of international trade in services" has been drafted by the Task Force on Statistics of International Trade in Services established by the Statistical Commission in 1994. The Manual proposes a further elaboration and detailing of the classification of transactions by type of services as provided in the *Balance of Payments Manual*, 5th ed.[3] in order to form the Extended Balance of Payments Services (EBOPS) classification. Consequently, a newly prepared correspondence table is provided in the *Manual* linking EBOPS with CPC and with the General Agreement on Trade in Services (GATS) Services Sectoral Classification list (GNS/W/120). This new correspondence is intended to facilitate future statistical comparisons of services domestically produced with those that are internationally negotiated and traded.

14. Correspondence tables linking activity and product classifications, such as ISIC, Rev.3, CPC, Version 1.0, the Standard International Trade

Classification (SITC, Rev.3)[4] and the Harmonized Commodity Description and Coding System (HS)[5] have been revised and are available for distribution. The correspondence tables between the Provisional Central Product Classification[6] and CPC, Version 1.0, have been elaborated to reflect expressed user needs for detail and have been published. A correspondence table linking CPC, Version 1.0, and the Classification of Individual Consumption According to Purpose (COICOP)[7] has also been published.

6. Classifications indexes

15. Responding to the recommendations made by the Statistical Commission and expressed user needs, provisional versions of alphabetical indexes have been made available on the Classifications web site and are distributed electronically upon request. This includes indexes for CPC, Version 1.0, and ISIC, Rev.3, in English, as well as for ISIC, Rev.3, in French. Work to improve these indexes is ongoing in cooperation with member countries.

7. International training programmes and development of training materials

16. In 2000, a United Nations training workshop on classifications for African countries was conducted in Addis Ababa, Ethiopia, from 27 November to 1 December 2000. The workshop was focused on the current implementation and use of national activity and product classifications and their relationship to ISIC and CPC in the Africa region.

17. The discussions and participant contributions were used to assess the current state of implementation and use of these classifications. Special user needs for countries in Africa were discussed and led to a number of suggestions and recommendations for future updating of the classifications. The necessary detail of ISIC in the areas of agriculture, fishing and mining was of particular concern. Participants also raised concerns about the treatment of a number of beneficiating activities, such as cotton ginning, in ISIC. These concerns need to be addressed in future revisions of ISIC.

18. Measures to facilitate cooperation in the field of classifications, including coordination of work on regional/subregional cooperation in classifications, were discussed. Based on the experience of Afristat (*Observatoire Économique et Statistique d'Afrique Subsaharienne*), subregional cooperation and capacity-building in the area of statistical classifications will be pursued by the participants.

19. All technical and training materials used at the United Nations classifications workshops are posted on the Classifications web site, so that their use is not restricted only to the time and venue of the workshop. These include presentations made by the United Nations Statistics Division and cooperating agencies, as well as contributions by participating countries.

20. Work is progressing on the preparation of an ISIC user's guide. The Technical Sub-group has discussed a first draft and given recommendations on refining the scope of the guide. The draft will be circulated for review, when the 2002 update of ISIC is finalized and the consequences are incorporated in the draft.

II. Points for discussion

21. The Statistical Commission is requested to express its views on the following questions:

(a) Does the Commission agree with the proposed work programme and time frame for updating ISIC and CPC by 2002 and for planning their revision by 2007?

(b) Does the Commission agree with the actions proposed by the members of the Technical Sub-group in respect of the scope of the changes to ISIC and CPC?

(c) Have the key players and users been satisfactorily included in the work related to updating, revising and implementing the classifications?

Notes

[1] *International Standard Industrial Classification of All Economic Activities, Third Revision*, Statistical Papers, No. 4, Rev.3 (United Nations publication, Sales No. E.90.XVII.11).

[2] *Central Product Classification (CPC), Version 1.0*, Statistical Papers, No. 77, Ver.1.0 (United Nations publication, Sales No. E.98.XVII.5).

[3] *Balance of Payments Manual*, 5th ed. (Washington, D.C., International Monetary Fund, 1993).

[4] *Standard International Trade Classification, Revision 3*, Statistical Papers, No. 34/Rev.3 (United Nations publication, Sales No. E.86.XVII.12 and corrigenda).

[5] World Customs Organization, *The Harmonized Commodity Description and Coding System*, 1996 version (Brussels, 1996).

[6] *Provisional Central Product Classification*, Statistical Papers, No. 77 (United Nations publication, Sales No. E.91.XVII.7).

[7] *Classifications of Expenditure According to Purpose: Classification of the Functions of Government (COFOG); Classification of Individual Consumption According to Purpose (COICOP); Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI), and Classification of the Outlays of Producers According to Purpose (COPP)*, Statistical Papers, No. 84 (United Nations publication, Sales No. E.00.XVII.6), chap. III and part three.